

Message Text

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PAGE 01 STATE 094006
ORIGIN NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-01
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 DODE-00 PA-01 PRS-01 FEA-01
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DRAFTED BY NEA/INS:JRGRAHAME:DIW
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TREAS:T.HOOPENGARDNER
-----262355Z 002219 /61
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FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI PRIORITY

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E.O. 11652: N/A

TAGS: EFIN, US, IN

SUBJECT: FINANCE MINISTER PATEL'S CALL ON SECRETARY
BLUMENTHAL

1. FINANCE MINISTER PATEL AND FINANCE SECRETARY MANMOHAN
SINGH MET WITH TREASURY SECRETARY BLUMENTHAL ON APRIL 26.
AMBASSADOR KEWAL SINGH, INDIAN EMBASSY MINISTER BAIJAL AND
TREASURY DEPUTY ASSISTANT SECRETARY NACHMANOFF PARTICIPATED.

2. THE 30-MINUTE MEETING WAS DEVOTED TO IDA V, THE INDIAN
SHARE OF IDA LENDING AND IDA LENDING CRITERIA. SECRETARY
BLUMENTHAL TOLD PATEL THAT WE ARE OPTIMISTIC ABOUT
OBTAINING FULL IDA REPLENISHMENT AND THAT WE WERE MAKING
EVERY EFFORT TO ACHIEVE THAT GOAL. HE NOTED THAT GIVEN
THE CHANGES WHICH HAVE OCCURRED IN THE WORLD ECONOMY
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SINCE 1973, CHANGES IN IDA LENDING CRITERIA MIGHT BE
APPROPRIATE. HE ADDED THAT NO INDIVIDUAL COUNTRY WAS
SINGLED OUT FOR REDUCTION BUT THAT IF INDIA'S SHARE WERE
REDUCED UNDER NEW CRITERIA, OTHER FORMS OF IBRD LENDING
COULD BE MORE READILY AVAILABLE. HE STRESSED THAT WE ARE
AWAITING THE WORLD BANK REVIEW AND HAVE NO SPECIFIC RESULT
IN MIND BUT SAID THAT ENERGY AND DEBT BURDEN MIGHT BE GIVEN

MORE WEIGHT IN NEW LENDING CRITERIA.

3. PATEL SAID THAT INDIA REALLY HAS VALID CLAIM TO EVEN HIGHER SHARE OF IDA LENDING AND EXPRESSED HOPE THAT U.S. WOULD OPPOSE REDUCTION. HE NOTED THAT INCREASED IBRD LENDING WAS NO SUBSTITUTE FOR IDA FINANCING. SINGH SAID GOI HAD INITIATED QTE SAVAGE UNQTE ECONOMIC POLICIES TO DEAL WITH ENERGY BURDEN AND HAD HUSBANDED RESOURCES INTELLIGENTLY TO EASE DEBT BURDEN. THEREFORE CRITERIA STRESSING THOSE FACTORS WOULD DAMAGE INDIA AND REWARD THE LESS PRUDENT ECONOMIC MANAGERS.

4. BERGSTEN AND NACHMANOFF MET SINGH AND BAIJAL LATER IN DAY. DISCUSSION COVERED SAME GROUND IN GREATER DETAIL. TREASURY POUCHING MEMCONS.

VANCE

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Control Number: n/a
Copy: SINGLE
Sent Date: 26-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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